Kimberly-Clark de México, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report Dated February 4, 2010

Independent Auditors' Report to the Board of Directors and Stockholders of Kimberly-Clark de México, S. A. B. de C. V.

We have audited the accompanying consolidated balance sheets of Kimberly-Clark de México, S. A. B. de C. V. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark de México, S. A. B. de C. V. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in their stockholders' equity and cash flows for the years then ended in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of users.

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C. P. C. Enrique Vázquez Gorostiza

February 4, 2010

Consolidated Balance Sheets

December 31, 2009 and 2008
(Thousands of Mexican pesos)

Assets	**2009**	**2008**
Current assets:		
Cash and cash equivalents	$ 6,460,495	$ 3,017,607
Accounts receivable – net	4,250,097	4,256,683
Current portion of the account receivable to Corporación Scribe, S.A.P.I. de C.V.	210,098	-
Inventories - net	1,681,632	1,889,735
Total current assets	12,602,322	9,164,025
Account receivable due from Corporación Scribe, S.A.P.I. de C.V.	210,097	617,068
Derivative financial instruments	-	14,371
Property, plant and equipment - net	14,356,111	14,453,503
Total	$ 27,168,530	$ 24,248,967

Liabilities and stockholders' equity

Current liabilities:		
Current portion of long-term debt	$ 3,521,687	$ 3,529,268
Trade accounts payable	2,633,156	2,395,287
Benefits to employees	781,023	576,472
Accrued liabilities	1,458,989	1,688,315
Income tax	838,004	275,839
Derivative financial instruments	-	150,930
Total current liabilities	9,232,859	8,616,111
Derivative financial instruments	11,342	-
Long-term debt	7,315,454	4,646,471
Deferred income taxes	1,705,860	1,944,328
Other liabilities	268,958	339,563
Total liabilities	18,534,473	15,546,473
Stockholders' equity	8,634,057	8,702,494
Total	$ 27,168,530	$ 24,248,967

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Years ended December 31, 2009 and 2008
(Thousands of Mexican pesos)

	2009	2008
Net sales	$ 24,702,207	$ 23,051,522
Cost of sales	14,564,753	13,833,201
Gross profit	10,137,454	9,218,321
General expenses	3,434,906	3,267,238
Operating profit	6,702,548	5,951,083
Statutory employee profit sharing and other, net	571,644	375,647
Comprehensive financing result	491,062	1,431,959
Income before income taxes	5,639,842	4,143,477
Income taxes	1,488,116	831,338
Net income	$ 4,151,726	$ 3,312,139
Basic earnings per share (in pesos, using weighted average number of outstanding shares)	$ 3.81	$ 2.99

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2009 and 2008
(Thousands of Mexican pesos)

	Common stock	Retained earnings	Insufficiency in restated stockholders' equity and other	Valuation of financial instruments	Total stockholders' equity
Balance, January 1, 2008	$ 4,279,540	$ 5,136,710	$ (76,090)	$ 35,222	$ 9,375,382
Dividends paid		(3,048,751)			(3,048,751)
Repurchase of own stock	(73,899)	(769,441)			(843,340)
Transfer of insufficiency in restated stockholders' equity		(76,090)	76,090		-
Comprehensive income		3,312,139	40,608	(133,544)	3,219,203
Balance, December 31, 2008	4,205,641	4,554,567	40,608	(98,322)	8,702,494
Dividends paid		(3,207,618)			(3,207,618)
Repurchase of own stock	(83,620)	(1,023,425)			(1,107,045)
Transfer of other		40,608	(40,608)		-
Comprehensive income		4,151,726	4,117	90,383	4,246,226
Balance, December 31, 2009	$ 4,122,021	$ 4,515,858	$ 4,117	$ (7,939)	$ 8,634,057

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008
(Thousands of Mexican pesos)

	2009	2008
Operating activities:		
Income before income taxes	$ 5,639,842	$ 4,143,477
Items related to investing and financing activities:		
Depreciation	1,194,231	1,154,993
Exchange fluctuations	(18,401)	1,005,812
Interest expense - net	509,463	426,147
Statutory employee profit sharing and other, net	571,644	375,647
	7,896,779	7,106,076
Accounts receivable	8,401	(568,173)
Inventories	208,103	(235,635)
Trade accounts payable	320,389	(59,471)
Benefits to employees	(458,042)	(356,098)
Accrued liabilities	(132,338)	277,061
Income taxes paid	(1,199,253)	(945,477)
Net cash flows from operating activities	6,644,039	5,218,283
Investing activities		
Additions to property, plant and equipment - net	(1,063,500)	(1,022,585)
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V. (including interest)	211,413	197,525
Interest received	221,783	154,919
Nets cash flows used in investing activities	(630,304)	(670,141)
Excess of cash to apply in financing activities	6,013,735	4,548,142
Financing activities		
Obtained loans	6,193,293	-
Payment of loans	(3,392,223)	(75,610)
Interest paid	(890,902)	(636,687)
Dividends paid	(3,207,618)	(3,048,751)
Repurchase of own stock	(1,107,045)	(843,340)
Derivative financial instruments	(185,973)	(118,568)
Other liabilities	14,854	227,974
Net cash flows used in financing activities	(2,575,614)	(4,494,982)
Net increase in cash and cash equivalents	3,438,121	53,160
Adjustment to cash flows due to changes in exchange rates	4,767	49,479
Cash and cash equivalents at the beginning of period	3,017,607	2,914,968
Cash and cash equivalents at the end of period	$ 6,460,495	$ 3,017,607

See accompanying notes to consolidated financial statements.

1. Operations, basis of presentation and summary of significant accounting policies

Operations

Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries (the "Company") are engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away-from home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and health care products. Some of the main brands include: Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®.

Basis of financial statement presentation

Monetary unit of the financial statements **–** Financial statements and related notes as of December 31, 2009 and 2008 and for the years then ended, include balances and transactions in pesos of different purchasing power.

Consolidation **–** The consolidated financial statements include the accounts of Kimberly-Clark de México, S. A. B. de C. V. and the following wholly owned subsidiaries:

- Crisoba Industrial, S. A. de C. V., rents machinery and equipment and provides other services to Kimberly-Clark de México, S. A. B. de C. V.

- Paper Products Trade Corporation which is a trading company incorporated in the United States of America, to promote exports of the Company's products.

- Servicios Empresariales Során, S. A. de C. V. provides financing and through its subsidiaries, distribution and other services to Kimberly-Clark de México, S. A. B. de C. V.

- Taxi Aéreo de México, S. A. provides air transportation services to personnel of Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries, as well as to the general public.

- Other subsidiaries which lease properties, mainly to other subsidiaries of Kimberly-Clark de México, S. A. B. de C. V.

Intercompany transactions and balances have been eliminated in these consolidated financial statement.

Comprehensive income **–** Is presented in the statements of changes in stockholders' equity and is comprised of the net income for the year, plus other items that represented comprehensive income (loss) of the same period, which are presented directly in stockholders' equity without affecting the statements of income. It includes the effects of translation of foreign subsidiaries and valuation of financial instruments.

Operating profit **-** Operating profit is the result of subtracting from the net sales the cost of sales and general expenses. While NIF B-3 Statement of Income does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

Summary of significant accounting policies

The accompanying consolidated financial statements are in accordance with Mexican Financial Reporting Standards “NIF”, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and the disclosures in the accompanying notes, as considered pertinent in the circumstances. The significant accounting policies are as follows:

Recognition of the effects of inflation – According with NIF B-10, Effect of inflation, considers two economic environments:

a) inflationary, where cumulative inflation of the three preceding years is equal or higher than 26%, in which case, the effects of inflation will be recognized, and b) non-inflationary, when in the same three year period, cumulative inflation is lower than 26%, in which case, the effects of inflation have not been recognized in the financial statements.

Due to December 31, 2009 and 2008, the accumulated effects of inflation for the three preceding years were 15.01% and 11.56%, respectively; the economic environment is consider as non-inflationary.

Consequently beginning January 1, 2008, recognition of the effects of inflation in the Company’s financial statement was suspended. However, assets, liabilities and stockholder’s equity, include the restatement effects recognized through December 31, 2007.

Cash and cash equivalents – Consist of daily cash surplus investments which are highly liquid investments and are easily convertible into cash and subject to low risk of changes in value.

Inventories and cost of sales – Inventories are stated at lower of cost or realizable value, using the first-in first-out method.

Property, plant and equipment – Property, plant and equipment are recorded at acquisition cost. Balances arising from acquisitions of national origin made up to December 31, 2007, were restated using the National Consumer Price Index (NCPI) through that date. For fixed assets of foreign origin, the acquisition cost expressed in the currency of the country of origin was restated for inflation in such country and converted into Mexican pesos at the market exchange rate as of the balance sheet date.

Depreciation of property, plant and equipment is computed using the straight-line method, based on the estimated useful lives of the assets, as follows:

	Average Years
Buildings	45
Machinery and equipment	15 to 25
Transportation equipment	12 and 25

Capitalization of comprehensive financing result – Net comprehensive financing result incurred during and attributable to the period of construction and installation of property, plant and equipment is capitalized for major projects. Until December 31, 2007 net comprehensive financing result was restated by applying the NCPI.

Impairment of long-lived assets in use – The Company reviews the carrying amounts of long-lived assets in use in order to detect signs of impairment indicators. There are no impairment indicators as of December 31, 2009 and 2008.

Benefits to employees – Includes fringe benefits earned by the employees, for direct benefits, severance payments upon termination and pension plans. Benefit includes compensation plan for officers and employees named "Plan de Asiganación de Unidades Virtuales" (Virtual Share Awards Plan), compensation cost is recognized in results of operation of each year. To meet these obligation, the Company has established a trust.

Derivative financial instruments – Derivative financial instruments are valued at their market value and their effects are recognized either in results of operations of the period or stockholders' equity. These instruments are used as a hedge to reduce the risk of the effects of the Company's exposure to interest rates, exchange rate fluctuations and the prices of certain utilities.

Foreign currency balances and transactions – Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the comprehensive financing result of the period in which they occur.

Revenue recognition – Revenues are recognized in the period in which ownership of the risks and rewards of the inventories is transferred to customers.

Statutory employee profit sharing "PTU" – PTU is recorded in the results of the year in which it is incurred. Deferred PTU is derived from temporary differences determined by comparing the tax basis and accounting value of assets and liabilities, when it can be reasonably assumed that such differences will generate a liability or benefit, and there is no indications that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized. As of December 31, 2009 and 2008, the amounts of PTU were $577,134 and $391,156, respectively.

Income taxes – Income tax "ISR", is recorded in the results of the year in which it is incurred, recognizing deferred effects originated by temporary differences, corresponding to transactions and other economic events recognized in the financial statements in periods different from those considered in the Company's tax returns. Such effects are recorded considering all temporary differences determined by comparing the tax and book basis of assets and liabilities.

In order to recognize deferred taxes, it is necessary to prepare financial projections to identify prevailing taxable basis, (income tax or Business Flat Tax "IETU") for payment of income taxes.

2. Accounts receivable

	2009	2008
Trade	$ 4,219,692	$ 4,302,657
Allowance for doubtful accounts	(123,645)	(136,265)
Net	4,096,047	4,166,392
Other	154,050	90,291
Total	$ 4,250,097	$ 4,256,683

3. Inventories

	2009	2008
Finished goods	$ 613,098	$ 627,321
Work in process	176,349	191,829
Raw materials and spare parts	892,185	1,070,585
Total	$ 1,681,632	$ 1,889,735

4. Property, plant and equipment

	2009	2008
Buildings	$ 4,539,700	$ 4,482,794
Machinery and equipment	24,330,125	23,865,649
Transportation equipment	845,173	856,916
Total	29,714,998	29,205,359
Accumulated depreciation	(16,338,406)	(15,634,212)
Net	13,376,592	13,571,147
Land	503,410	505,310
Construction in progress	476,109	377,046
Total	$ 14,356,111	$ 14,453,503

At December 31, 2009 and 2008, balances of unamortized capitalized comprehensive financing result were $554,961 and $611,209, respectively.

5. Long-term debt

Long-term debt is summarized as follows:

	2009	2008
Notes payable to banks, denominated in U.S. dollars, unsecured, bearing interest based on LIBOR. As of December 31, 2009, annual rates ranged from .88% to 1.09%.	$ 139,131	$ 233,239
Senior notes denominated in U.S. dollars, unsecured, bearing interest at a net fixed annual rate of 8.875%.	-	3,442,500
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on Cetes with maturity of 182 days, plus 75 basis points. As of December 31, 2009 the annual rate is 5.61%.	750,000	750,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rates of 8.95%, 9.98% and 9.65%.	2,450,000	1,250,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the TIIE with maturity of 28 days, plus or minus different basis points. As of December 31, 2009 the annualized rates ranged from 4.82% to 5.91%.	7,498,010	2,500,000
	10,837,141	8,175,739
Less - current portion	3,521,687	3,529,268
	$ 7,315,454	$ 4,646,471

Long-term debt agreements contain certain obligations which have been complied with as of December 31, 2009.

Long-term debt matures as follows:

2011 and 2012	$ 65,454
2013	1,250,000
2014	2,300,000
2016	800,000
2017	2,500,000
2019	400,000
	$ 7,315,454

To reduce the risk of interest rate volatility on a portion equivalent to 60% of the debt issued during 2007, in the amount of $2,500,000, the Company entered into an interest rate swap which changed the profile of interest payments to a fixed annual rate of 8.01%.

6. Stockholders' equity

As of December 31, 2009 and 2008, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2009	**%**	**2008**	**%**
Series "A"	560,228,575	52	571,774,975	52
Series "B"	516,769,840	48	527,071,640	48
Total	1,076,998,415	100	1,098,846,615	100

In accordance with the Company's by-laws, Series "A" shares must represent, at a minimum, 52% of common stock outstanding and must be owned by Mexican investors.

As part of the program for the repurchase of the Company's own shares approved annually by the stockholders, as of December 31, 2009 and 2008, 21,848,200 and 19,308,300 shares, respectively, have been repurchased.

In accordance with the Mexican income tax law, total stockholders' equity, except for stockholders' contributions and their related tax restatement, as well as retained earnings determined based on the provisions of such law, is subject to a dividend tax, payable by the Company, in the event of distribution. As of December 31, 2009 the balances of the stockholders' equity tax accounts are represented by Contributed capital account for $26,547,000 and a Net tax income account for $12,192,000, approximately.

During the years ended December 31, 2009 and 2008, the Company paid dividends of $3,207,618 and $3,048,751, respectively. If such dividends had not been paid, stockholders' equity would have been greater by $6,256,369 and $3,048,751 as of such dates.

7. Business segment information

Information corresponding to each business segment, based on a managerial approach is as follows:

	2009		2008	
	Consumer Products	Professional and Health Care	Consumer Products	Professional and Health Care
Net sales	$ 21,740,540	$ 2,961,667	$ 20,063,730	$ 2,987,792
Operating profit	6,209,857	492,691	5,498,924	452,159
Depreciation	1,033,795	160,436	980,244	174,749
Total assets	23,779,593	3,388,937	20,812,929	3,436,038

Export sales, as a percentage of net sales were 5% and 7%, in both 2009 and 2008, respectively, and are included in the respective segments.

8. Comprehensive financing result

Consists of the following:

	2009	2008
Interest expense - net	$ 537,311	$ 459,672
Exchange fluctuations - net	(18,401)	1,005,812
Capitalized comprehensive financing result	(27,848)	(33,525)
	$ 491,062	$ 1,431,959

Figures include a unfavorable net effect of derivative financial instruments of $215,876 and $36,019; in 2009 and 2008, respectively.

9. Income taxes

ISR consist of the following:

	2009	2008
Income tax:		
Current	$ 1,761,418	$ 1,054,202
Deferred	(273,302)	(222,864)
Net	$ 1,488,116	$ 831,338

The ISR rate was 28% in 2009 and 2008.

Statutory and effective ISR rates differ due to certain permanent differences, and in 2008 including the recognition of a tax benefit arising from a tax refund obtained as a result of the settlement of a lawsuit won by the Company. Tax results of the subsidiaries are consolidated at 100% of the equity held in their voting stock.

The deferred income taxes liability is primarily derived from property, plant and equipment, which as of December 31, 2009 and 2008 represent almost 100%, of such liability.

On December 7, 2009, amendments to the ISR law were published, which include, among others the following changes:

a) The ISR rate is increased to 30% for the years 2010 to 2012, but it will be reduced to 29% in 2013 and 28% in 2014.

As a consequence of the above mentioned, deferred income tax liability was increased as of December 2009. Corresponding expense for approximately $115,000 was recognized in the income statement.

b) Tax consolidation regime is modified to establish that the payments of ISR related to the benefits of fiscal consolidation has to be paid in different instalments starting in 2010.

Implementation of this law will not have significant impact on the cash flows of the Company.

10. Foreign currency balances and transactions

Assets and liabilities include monetary items receivable or payable in foreign currencies. Such items, denominated in thousands of U.S. dollars, consist of the following:

	2009	2008
Monetary assets	97,947	99,373
Monetary liabilities	121,476	371,878

Exchanges rate used to value such balances were $13.08 and $13.77 Mexican pesos per one U.S. dollar, respectively.

Transactions denominated in thousands of U.S. dollars were as follows:

	2009	2008
Export sales	89,387	135,456
Purchases of raw materials, spare parts and services	463,530	565,366
Purchases of machinery and equipment	39,638	44,183
Interest expense – net	10,413	19,324

11. Related parties

For the years ended December 31, the Company had the following transactions and balances with related parties:

	2009	2008
Kimberly-Clark Corporation:		
Purchases of inventories and technical services	$ 1,355,438	$ 1,215,625
Purchases of machinery and equipment	86,591	156,828
Sales	568,814	842,394
Trade accounts payable	158,274	161,407
Trade accounts receivable	95,743	103,170

	2009	2008
Corporación Scribe, S.A.P.I. de C.V.:		
Purchases and other services	$ 420,521	$ 532,974
Services income, interest and others	577,889	882,264
Trade accounts payable	36,736	25,260
Trade accounts receivable	420,195	617,068

Other - As of December 31, 2009 and 2008, employee benefits granted to Company's key senior management were $181,526 and $120,282, respectively.

12. Benefits to employees

The liability and annual cost of legally mandated seniority premiums, pension plans for qualifying personnel and severance payments upon termination of the labor relationship, is calculated by an independent actuary based on the projected unit credit method. To meet these obligations, the Company has established funds under an administered plan.

Relevant information regarding these obligations is as follows:

	2009	2008
Accumulated benefit obligation	$ 273,005	$ 231,498
Projected benefit obligation	359,005	316,627
Plan assets	324,117	234,295
Net periodic cost	35,573	37,964

13. Commitments

At December 31, 2009, the Company held the following commitments:

- The acquisition of machinery, equipment and construction projects, totaling approximately $346,000.

- The acquisition of raw materials, totaling approximately $238,000.

- Operating lease agreements for warehouses and offices with non-cancelable terms ranging from 5 to 10 years and annual rents of $105,000.

14. Authorization of issuance of financial statements

On February 4, 2010, the issuance of these consolidated financial statements was authorized by Licenciado Pablo R. González Guajardo, General Director, and C.P. Jorge A. Lara Flores, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Ordinary Stockholders' Meeting.

15. International Financial Reporting Standards

On January 2009**,** the National Banking and Insurance Commission published amendment to the Circular Letter for publically traded to incorporate the obligation to prepare financial statement accordance with International Financial Reporting Standards beginning in 2012, with permits the early adoption.

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